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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11
	:
CELSIUS NETWORK LLC, <i>et al.</i> ,	: Case No. 22-10964 (MG)
	:
Debtors <sup>1</sup>	: (Jointly Administered)
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**VÍCTOR UBIERNA DE LAS HERAS OBJECTION TO DEBTORS’  
MOTION FOR ENTRY OF AN ORDER (I) APPROVING THE  
DEBTORS’ DISCLOSURE STATEMENT (Dk. 2970)**

Víctor Ubierna de las Heras, pro se Creditor, hereby files this Objection to Debtors’ Motion For Entry Of An Order (I) Approving Disclosure Statement (Dk. 2970) and respectfully states as follows:

**ARGUMENT**

Section 1125 of the Bankruptcy Code provides that a disclosure statement must contain “adequate information” describing a confirmable plan.<sup>8</sup> The Bankruptcy Code defines “adequate information” as:

*Information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical reasonable investor of the relevant class to make an informed judgment about the plan.*

The proposed Disclosure Statement provides inadequate information because of the

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030

following:

1. It does not contain any information whatsoever regarding the privacy of consumers in any of the possible outcomes. As outlined in the Privacy Ombudsman Report to the Court (docket 1948), Celsius has customers in more than 200 countries and has nearly 150,000 customers in the 27 countries of the European Union. The same way that the US Bankruptcy Stay has a worldwide effect, the same can be said for the European Union (EU) General Data Protection Regulation (GDPR). The GDPR has an extra-territorial effect. The Directive applies to all companies processing the personal data of data subjects residing in the EU, regardless of the company's location. However, the disclosure statement filed by the Debtors contains nothing about how the personally identifiable information of the Debtors' customers will be treated in any of the outcomes. Furthermore, it contains no information on how they intend to comply with the GDPR, the rights it gives to customers were the plan to be approved and how would this impact recoveries.
2. Furthermore, it lacks information key to approval for third party customers of Celsius. As explained in the Vermont Cease and Desist Order: Celsius "Segmented Accounts" platform allows API Partners to offer the API Partners' own customers the Celsius Earn Accounts through the API Partners' own portal. An API Partner availing itself of Celsius' Segmented Accounts structure offers the API Partner's own retail customers to access the Celsius Earn Account through the API Partner's own portal, as opposed to the API Partner's retail customers accessing the Celsius Earn Account directly from Celsius' own

website. Apart from the difference in how the Celsius Earn Account is accessed, individual retail customers of API Partners offering the Segmented Account option are subject to the same rights, benefits, terms, and conditions as Celsius' own Celsius Earn Account investors.

Some of this third parties have also gone bankrupt during this time. For example, a number of European customers accessed Celsius through Nuri bank (formerly Bitwala), a German Bank. This customers can only access their Celsius account through this third party and it is impossible for them to login through the Celsius app or website. However, Nuri filed for bankruptcy and their relationship with customers was terminated on 12/18/2022. On 11/22/2022 Nuri customers received an email stating that "We've now integrated your Bitcoin Interest Account information with Stretto, the appointed claims and noticing agent for Celsius Network's bankruptcy filing". While the claims that was integrated with Stretto, the plan contains no information on how distribution will work for third party customers of Celsius, if it will be the same amount of other customers, or if they'll need to register somehow in the Celsius APP.

3. Among other things, a disclosure statement must provide information relevant to the risks posed to creditors under the plan. In re U.S. Brass Corp., 194 B.R. 420, 424 (Bankr. E.D. Tex 1996). Here, much information regarding Celsius Mining is missing. I demand for actual complete and transparent answers on:

\* Who is the partner manufacture is providing upwards of 180k rigs?

\* What model of rigs and what are the specifications? Power usage, hashing rate, etc.

\* What are the terms of profit sharing. Detailed breakdown of split in percentage of yield

\* What are terms of handover of rigs. Does newco get a pick or is that purely vendors decision?

\* What are the co-location / Hosting agreements exact terms? What is competitive or under market? (who knows! as those are private) give precise costs.

\* why the markup in NY site over the other options?

\* a Detailed breakdown of how they estimated over 2x increased revenue under newco vs celsius standalone.

\* How many years will the 75% mandatory cut of revenue go back into reinvestment? 1 year, 5 year, indefinitely?

\* Provide a detailed breakdown of approved or expected usage of the nearly \$1 billion in reinvestment based on expected revenue figures. How will those funds be used if newco is receiving over half a billion in new assets from 3rd parties. Unacceptable to have zero accountability on that much money.

These are key questions that will directly impact shareholders and stakeholders' potential recovery. The disclosure statement didn't even attempt to cover, and merely gave amazing projections with zero actual details.

### **Reservation of rights**

Víctor Ubierna de las Heras reserves the right to supplement and/or amend this Objection at or prior to the Hearing, or any other relevant hearing and to join in arguments made by any other

party prior to or at the Hearing or any other relevant hearing. Víctor Ubierna de las Heras also reserves his right to object to the Plan Confirmation

**CONCLUSION**

WHEREFORE, Víctor Ubierna de las Heras respectfully requests that the Debtors' Motion For Entry Of An Order (I) Approving The Disclosure Statement (Dk. 2970) be denied.

Madrid, Spain

3<sup>rd</sup> of August, 2023

Respectfully submitted,

Víctor Ubierna de las Heras

By: /s/ Víctor Ubierna de las Heras

Víctor Ubierna de las Heras

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